



Office of Mayor Miro Weinberger

MEMORANDUM

TO: City Council
FROM: Mayor Miro Weinberger
DATE: June 29, 2020
RE: Fiscal Year 2021 Proposed Budget

Herein is the Mayor's Proposed Budget for Fiscal Year 2021 (FY21). In my State of the City Address, I said that the state of the City is a state of emergency. That remains the City's status as the Council considers this budget. Our community is simultaneously facing a pandemic, economic crisis, and racial justice reckoning, all against the backdrop of a climate crisis and crisis of presidential leadership. Every one of these crises represents a huge challenge; together they represent a moment of uncertainty and concern perhaps unmatched in American history.

However, these circumstances also have created potential opportunity. As we respond to them, we are able to re-envision the way we approach public health and public safety, and engage long-overdue conversations about racial justice. This budget creates the resources to make progress on all of these fronts.

I have always believed that financial stewardship of the public's resources and taxpayer dollars is one of our most important responsibilities. We owe it to our constituents to make the most of the hard-earned dollars with which they have entrusted the City. Without good stewardship and municipal financial strength, we cannot make progress on our major community goals. Approving the budget is the most important joint action that we take on an annual basis in service of that critical stewardship.

Early on in my time in this role I heard a veteran mayor say, "Values are meaningless without effective governance." While the process of creating the FY21 budget was the most difficult of all nine budgets that I have submitted to the Council, it is the budget that I am proudest of. In many ways, in fact, it is a budget eight years in the making, as it would have in no way been possible in 2012 when we had no reserves and the dark cloud of a massive financial lawsuit hanging over us. The FY21 budget reflects our Burlington values and will do much good only because together over the past eight years, we did the hard, effective work of putting the City's finances in order, building a large "rainy day" fund, and resolving the Burlington Telecom financial crisis.

As we go forward, let's hold on to this critical, hard-earned, community lesson about the importance of municipal financial stewardship.

Background

After years of stable and growing revenues, the City is facing dramatic reductions in revenue as a result of the economic disruption caused by coronavirus. When we started the budget process for Fiscal Year 2021, the City was grappling with a projected shortfall of more than \$10 million -- a 16 percent revenue loss. That shortfall is now projected to be \$8.2 million based on updated tax receipts, grants, and other adjustments -- including the final reconciliation of the sale of Burlington

Telecom, which shows that the sale brought over \$7 million back to the City. This is a remarkable outcome for a crisis that once looked like it could cost us tens of millions of dollars more to resolve.

Principles

Against an extraordinarily challenging financial backdrop you have before a budget that makes good on each of the principles we articulated at the beginning of the process:

1. All stakeholders should demonstrate shared sacrifice.
 - Significant cuts have been made in all departments.
2. City employees should be treated fairly.
 - This budget finds cost savings through extended vacancies and non-personnel budget cuts, avoiding layoffs or furloughs, and continuing to pay almost all employees their bargained and planned cost of living increases. The only exception to this is employees who earn more than \$100,000, who are receiving a pay freeze.
3. Changes to the budget should not further hurt vulnerable Burlingtonians.
 - Recognizing that many taxpayers have been hard-hit by the pandemic, this budget avoids implementing the new taxes that voters approved in March 2020, or increasing water or electric rates.
 - This budget maintains core City services, including those that serve the most vulnerable. In fact, as a result of the funds set aside for the City's pandemic response, relief and recovery, the City has considerable extra resources to protect the vulnerable during this pandemic. Additional information about this is below.
4. We should maintain a 5-10 percent balance in the Unassigned Fund Balance at the end of FY21.
 - Over the last eight years, we have achieved a key metric of municipal financial health by building up what's known as an "unassigned fund balance" (UAFB) or essentially, a rainy day fund. In past years, we have been able to use surplus in the UAFB to fund special investments, such as an extension of the low-barrier shelter for people experiencing homelessness in the winter months, additional resources for the City's Housing Trust Fund, the Highlight celebration on New Year's Eve, rebuilding of our sidewalks and repaving of our streets, and much else.

This year, the economic impact of the coronavirus has created the ultimate rainy day. Instead of using surplus from the UAFB to fund special investments, we are using \$6.3 million from the fund balance to fill part of our significant revenue shortfall. This amount includes proceeds from the sale of Burlington Telecom. Importantly, however, we are not using the full fund balance, and are still reserving what will be approximately \$4.3 million at the end of FY21, or about 7 percent of our operational costs. This amount is in compliance with our Fund Balance Policy, and will help ensure that we will still have some reserves to weather future storms, as the impact of this pandemic may well extend into future fiscal years. For additional information about the UAFB, see our [Chief Administrative Officer's FY21 budget memo](#).

It is thanks to these reserves that we have worked hard to rebuild that we were able to avoid painful cuts with this budget.

5. The City's actions should minimize further damage to the economy.
 - Government budget cuts amidst a recession can deepen the downturn. The proposed FY21 budget avoids that and supports the recovery of our local economy in two important ways: First, by avoiding layoffs or furloughs of City employees, and second, by resourcing significant investments in our infrastructure – spending that supports

construction jobs and provides other types of businesses with the foundation that they need.

6. We will continuously reassess fluid economic circumstances and be prepared to make further adjustments if necessary.
 - We are hopeful that our revenues will come in better than our conservative projections, and that we will be able to restore some of the vacant positions and other cuts that we have had to make in this budget. Additionally, this budget still has \$1,023,916 in unidentified cuts, which represents approximately 1.3 percent of the overall budget. We are leaving these cuts undetermined at this point as we closely monitor how our revenues and expenses continue to come in over the fiscal year, seek additional sources of revenue, and pursue federal help. We will be prepared to identify further cuts as necessary, and will provide the City Council with an update on this in early January.

City is resourced for progress on core priorities

Despite the economic storm of the pandemic, the budget and recent City decisions have resourced the City for progress on five core priorities over the next year: 1) Investing in racial justice and continuing to transform public safety, 2) Advancing our commitment to respond to the climate crisis by becoming a Net Zero Energy City; 3) Continuing to rebuild our critical infrastructure; 4) Ensuring the delivery of an essential City service by adding another ambulance; and 5) Protecting the vulnerable from coronavirus and ensuring a just recovery for BIPOC communities.

1. Racial justice and police transformation

The killing of George Floyd by Minneapolis police officers has again exposed that our country continues to be defined by deep and structural racism. It also has again brought into focus the many real problems that exist in American policing. In Burlington, we have for years been working to chart a different path, and build a police department that embraces the forward-thinking policies and practices of 21st century policing. At the same time, we can and must do better.

In response to this call, my FY21 seek to invest in racial justice and build a police department that reflects the values of our community by creating two significant new resources:

- Following two weeks of discussions with the Racial Justice Alliance, this budget creates a new, \$1 million fund to invest in racial justice. We will use this fund to conduct a full review of the City's economic opportunity and racial justice programs. We also will use this fund to strengthen our newly created Office of Racial Equity, Inclusion, & Belonging, and to make new investments in economic opportunity and cultural empowerment.
- This FY21 budget also includes a new, \$250,000 Public Safety Transformation Fund. We will use this fund for new investments in "on street" social service initiatives like the Howard Center's Street Outreach program. We also will use it to conduct an operational assessment of the Police Department that will give us the tools we need to analyze the future of policing in Burlington and make further changes. I discuss this work in greater detail below.

2. Net Zero Energy City

In September 2020, the City released a "Roadmap" that shows us what it will look like to meaningfully respond to the climate crisis at the local level, and achieve the most ambitious local climate goal that we know of in the country: To become a Net Zero Energy City across the electric, thermal, and ground transportation sectors by 2030. The report tells us that to meet this goal, the Burlington of the future will be one where all of our buildings are energy efficient and use new electric heating technologies such a cold-climate heat pumps, where our land use and transportation policies help support less energy use, where nearly all vehicles are powered by 100

percent renewable electricity, and where we replace 15 percent of the miles we drive each year with forms of alternative transportation.

The FY21 budget makes important investments to advance this vision, including:

- Supports economic recovery from the pandemic *and* the transition to being a Net Zero Energy City by reallocating \$808,000 in energy efficiency funds for a Green Stimulus Plan that will help Burlingtonians invest in efficiency and electrification;
- Uses \$375,000 from our Green Revolving Loan Fund for climate-related work at City Hall like improving energy efficiency;
- Invests in infrastructure that makes walking and biking safer and easier, including the South Winooski Avenue lane reassignment, the Colchester Avenue and Mansfield Avenue sidepaths, \$568,000 in sidewalk repairs, and \$475,000 in patching and paving that will make the roads better for bikes; and
- Continues work on key policy changes like requiring energy efficiency in rental housing and eliminating minimum parking requirements.

3. Infrastructure and stewarding Lake Champlain

The City will continue to invest in rebuilding our streets, sidewalks, the Bike Path, and water resources in FY21. This budget begins the fifth year of reinvestments through the Sustainable Infrastructure Plan that voters approved in 2016, and this year we will make another \$20.2 million in General Fund capital investments, including \$7.9 million to rebuild our roads and sidewalks and \$4.5 million in our parks and Bike Path. This year, we also are implementing key elements of the Clean Water Resiliency Plan that voters approved in 2018, a multi-year plan to stabilize and modernize our wastewater and stormwater systems and steward Lake Champlain. These and other investments in our water resources will include roughly \$7 million in work on our wastewater system, \$2.5 million in work on our stormwater system, and \$1.7 million in work on our drinking water system.

This year, we also are implementing key elements of the Clean Water Resiliency Plan that voters approved in 2018, a multi-year plan to stabilize and modernize our wastewater and stormwater systems and steward Lake Champlain. The FY21 budget makes about \$9 million of investments under this plan, which will upgrade our computerized control system at the Main Plant, upgrade our disinfection systems at all three plants, install green stormwater infrastructure, and reline about 8.5 miles of sewer and stormwater pipes. Our FY21 budget also includes an additional \$1.96 million for water main replacement and relining, bringing the total FY21 investment in our water resources to \$10.48 million.

4. Third ambulance

In March 2020, Burlington voters approved a ballot item to add a third ambulance. We have reached a tentative agreement with the Burlington Firefighters Association (BFFA), pending approval by both parties, to hire the additional firefighters needed to do this on or about March 15, and implement the third ambulance in the final quarter of FY21. This plan saves \$205,000 from a previous version of the General Fund budget. I appreciate the willingness of the BFFA to engage the City collaboratively regarding the massive financial challenges we face in the year ahead.

5. Protecting the vulnerable from coronavirus and ensuring a just recovery for BIPOC communities

The FY21 budget positions the City to continue to respond quickly and forcefully to the pandemic and its economic disruption, and do so in a way that protects those who are medically vulnerable as well as those who have experienced systemic inequalities based on socioeconomic status, historical

injustice, and race and ethnicity. In mid-June, Tyeastia Green, the City's Director of Racial Equity, Inclusion, & Belonging, and I announced an eight-point plan to protect Black, indigenous, and people of color (BIPOC) communities and ensure a racially just recovery from the coronavirus. This plan and an accompanying Racial Equity Rapid Response Team will guide the City's efforts throughout this emergency, and each of the eight areas of the plan incorporates work that the City has already begun in its response to the coronavirus as well as a vision for future work in these areas.

The plan includes work such as dedicating half of the City's federal CDBG-Coronavirus allocation to provide rent relief for low-to-moderate-income individuals and families who have been impacted by the coronavirus, making progress toward the long-held goal of creating a year-round low-barrier shelter for people who are experiencing homelessness, and other initiatives. The full plan is [available on the City website](#).

Continuing to Transform the Burlington Police Department

I have made big changes to our police department before, and I am very open to further significant change. As Chiefs Jennifer Morrison and Jon Murad have noted, there may well be areas where we can develop alternatives to policing. It will take planning and operational study to build up these alternatives and get this right, and my budget creates the resources to do that. Even as we examine ways that policing can and should continue to evolve, we can't lose sight of the fact that we have a very good police department, and the officers of BPD who put themselves at risk to protect us need to know that many in the community support them.

My budget also makes more than \$1 million in cuts to and \$800,000 in reallocations from the Police Department budget. I've worked closely with the Police Chief and Deputy Chiefs to identify these cuts and ensure that we can make them without disruptions to our response times or public safety. I know that some members of the public and the City Council want to make further cuts. In time I could be open to that, however, I believe that we need to do the hard work of assessing and creating new capacities first before we make further structural changes to police policy and staffing.

Conclusion

Putting together this budget required an extraordinary effort from City employees. I am grateful for our leadership team of Department Heads for responding to requests to re-work their budgets and then re-work them again with great hard work and creativity. I also am grateful to our budget team, led by the City's Chief Administrative Officer Katherine Schad, for working through all the complexity and uncertainty of creating a City budget during a time of a pandemic. Katherine started with the City in February, and the FY21 budget is the first one that she has been part of. I am very appreciative of all of her hard work, and the City is very lucky to have her.

I am also grateful for the patience, collegiality and input of my City Council colleagues throughout this challenging FY21 Budget process, and I look forward to concluding the effort together. This budget that we have assembled together in a time of crisis delivers a great deal to advance Burlington values in the year ahead.